

AGENDA

NORTH DAKOTA RACING COMMISSION
500 N 9th St
Bismarck ND

Emergency Teleconference Meeting
Friday, January 24, 2003
11:00 a.m.

1. Review of Recently Submitted Legislation
2. Staff Salaries
3. Other Matters Which May Come Before the Commission

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If you plan to attend the meeting and will need special facilities or assistance relating to a disability, please contact the Racing Commission at 701-328-4633.

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NORTH DAKOTA RACING COMMISSION
Emergency Teleconference Meeting
Friday, January 24, 2003
11:00 a.m.

PRESENT:

Chair Commissioner Ann Mahoney, Commissioners Dr. Charlie Stoltenow, Howard W. Wrigley, James Boehm (in office), and James Arthaud, Director of Racing Paul Bowlinger, and Administrative Assistant Kelly Boespflug.

OTHERS PRESENT:

Leon Glasser, NDQHRA
Wes Heinert, NDQHRA
Doug Plummer

The meeting was called to order at 11:10 p.m. by Chair Commissioner Mahoney. The roll call was taken as indicated above by Executive Director Bowlinger.

Chairman Mahoney	-	Here
Commissioner Boehm	-	Here
Commissioner Wrigley	-	Here
Commissioner Arthaud	-	Here
Commissioner Stoltenow	-	Here

AGENDA ITEM #1
Review of Recently Submitted Legislation

Chairman Mahoney asked for an update. Executive Director Bowlinger stated there has not been a hearing scheduled yet for House Bill 1282, but a fiscal impact was put in on the bill. Executive Director Bowlinger stated the bill would require at least one FTE and also, dependent upon adequate funding, what each racetrack would be requesting for purse funds for approximately a minimum of three meets. Races would have to be run at least in Belcourt and Bottineau. There are three sections to the bill. The first section is the expiration of the Commissioners' terms. Executive Director Bowlinger stated he is assuming the Commissioners want him to oppose it, in that the Racing Commission has their own bill asking for the Commissioners to be reappointed. The second section of the bill is to provide for a biennial comprehensive audit of the breeders' fund, purse fund, and promotion fund. In the fiscal note, Executive Director Bowlinger stated they would need an auditor to do a comprehensive audit. The audit on the breeders' fund is already accomplished, so the purse and promotion funds would need a comprehensive audit. The third section is to adequately fund and issue a license under the certificate system to any racetrack which was operational after December 31, 2000.

Commissioner Arthaud stated they had plenty of discussion and motions by the Board that the Board was going to concentrate on one track, and voted for Executive Director Bowlinger to oppose the bill.

Commissioner Wrigley stated he would also oppose the bill.

Chair Mahoney stated we don't need to take action on the first section because we have gone on record in support of our own bill.

Executive Director Bowlinger stated on the second section of the bill, he has no problem with a comprehensive audit of the funds. Chair Mahoney stated she has no problem with it also, as long there is recognition of the additional expense that is going to be incurred in order to accomplish the audits.

Commissioner Wrigley said he is not opposed to the audit.

Commissioner Boehm stated the whole bill should be opposed, as the books are open all the time, and everyone has access to them.

Executive Director advised there is a comprehensive audit done on the breeders' fund, which is available at any time. The purse and promotion funds' expenditures and income are available at any time.

Chair Mahoney stated in regard to the third part of the bill, Commissioner Boehm had recommended to oppose the whole bill and asked if there were any other comments regarding the third provision regarding funding the tracks that were in operation after December 31, 2000.

Commissioner Stoltenow stated he would like Executive Director Bowlinger to convey that this third portion is not intended to benefit the whole racing industry or the citizens of the state, but actually a small special interest group; and therefore, the Racing Commission is against this portion. The Board makes its decisions based on what is best for the whole state in the whole racing industry in general.

Executive Director Bowlinger asked Chair Mahoney, in the interest of saving time, would it be appropriate for the Commission to oppose this entire bill and to put a motion on the floor opposing the entire bill and then speak with each commissioner individually and take down their concerns and articulate that in the form of what Executive Director Bowlinger should present at the Committee Hearing.

Chair Mahoney stated they can call for a motion for any further discussion, but would like to have the Commissioner's comments on record.

**Commissioner Boehm moved to oppose House Bill 1282 in its entirety.
Commissioner Wrigley seconded the motion.**

Executive Director Bowlinger called the roll as follows:

Commissioner Boehm	-	Yes
Commissioner Wrigley	-	Yes

Commissioner Stoltenow	-	Yes
Commissioner Arthaud	-	Yes
Chairman Mahoney	-	Yes

The motion carried unanimously.

Chair Mahoney stated that Executive Director Bowlinger is well versed in the impact, especially provision number three in House Bill 1282, has upon the Commission and the demands upon the funds that are available for racing. Chair Mahoney stated she would like to leave it to Executive Director Bowlinger's discretion to put together whatever testimony he feels appropriate.

Executive Director Bowlinger advised the Commissioners that he will ask the Commission's steward, Randy Blaseg, to come and give testimony at the hearing, as he has the most knowledge.

Chair Mahoney stated it is a great idea to have the Commission's steward, who has actually been at the races in Belcourt, speak from experience as far as what the capabilities and reasons why this Commission has decided to focus their efforts on quality racing in Fargo. Chair Mahoney would like a motion to authorize expenditure of funds in order to pay for travel expenses for the Commission's steward.

Commissioner Arthaud moved to expend funds to bring Randy Blaseg to Bismarck to testify at the hearing. Commissioner Stoltenow seconded the motion.

Executive Director Bowlinger called the roll as follows:

Commissioner Boehm	-	Yes
Commissioner Stoltenow	-	Yes
Commissioner Wrigley	-	Yes
Commissioner Arthaud	-	Yes
Chairman Mahoney	-	Yes

The motion carried unanimously.

Commissioner Stoltenow asked the Commission how they should view the Executive Director's position or responsibilities. Does the Commission expect him, encourage him, or not want him to speak directly with representatives and senators regarding these issues?

Commissioner Boehm stated the Executive Director should be available for questions. Chair Mahoney agreed with Commissioner Boehm.

Commissioner Stoltenow stated for his part regarding all the bills, he would encourage Executive Director Bowlinger to talk to the Majority House Leader and also the

Chairman on Senate Ag. If they need more information, Commissioner Stoltenow stated he would be happy to speak with them to give background information.

Executive Director Bowlinger stated he would make himself available to answer questions.

Chair Mahoney asked to move onto Senate Bill 2285. Executive Director Bowlinger stated Senate Bill 2285 is a Team Makers' bill which essentially cuts the amount of money going into the general fund on exotic wagers. The amount of money wagered last year on WPS was about \$38,000. The amount wagered on exotics was approximately \$133,000,000. The general fund tax on exotics is 2.5%. This bill would reduce it to 1%. In addition, the tax out of the exotics to the three special funds is .5% to each fund. This bill would reduce it from .5% to .33%. Executive Director Bowlinger stated he feels this is an issue between Team Makers, the horsemen, and the Legislators, and feels the Racing Commission should remain neutral.

Chair Mahoney asked what the rationale for proposing this bill from the standpoint of Team Makers is. Executive Director Bowlinger stated that Team Makers and RSI believe that if they are not able to get this reduction, they will go out of business, and the Racing Commission will receive 2.5% of nothing. They believe that if it is reduced, they can draw in more handle. It might go from \$133,000,000 to \$300,000,000 and the Racing Commission would receive 1% of \$300,000,000. It would take a lot of research to figure out whether that is true or untrue.

Commissioner Arthaud agreed with Executive Director Bowlinger on what Team Makers and RSI will try to do to get the bill passed and felt the Racing Commission is not in the position of knowing the truth or not, so a neutral position is recommended.

Commissioner Stoltenow stated they cannot win either way being for or against this bill. The best way to go, because it's affecting the funds, would be to stay neutral.

Chair Mahoney stated it's her consensus, too.

Commissioner Wrigley also agreed to remain neutral on this bill.

Executive Director Bowlinger stated this bill is up for testimony on Monday. He will attend, but not testify. If asked, he will tell them that the Commission does not have a position.

Commissioner Stoltenow stated that if Executive Director Bowlinger is asked to speak, he could speak about the realities of the racing industry and what the trend has been for the past five or ten years.

AGENDA ITEM #2
Staff Salaries

Chair Mahoney stated this meeting was called as being an emergency meeting, and when she approved the agenda, she had second thoughts on staff salaries being an agenda item and would like to address this agenda item at a regular meeting.

Executive Director Bowlinger stated Kelly's probationary period is coming up in February, however, after speaking with the Chair Mahoney this morning, he stated he would be asking for a raise himself, and didn't want it to appear they were trying to slip something by into an emergency meeting, so he is willing to table the issue as long as they can accomplish this in February, and if there would be strong opposition to this issue, that the Commissioners let him know so he can prepare for it at the February meeting. Executive Director Bowlinger is asking for 4% in Kelly's salary and will be asking for \$55,000 for himself. Executive Director Bowlinger stated the Director of Racing in Minnesota makes \$88,000, South Dakota makes \$76,400, Kansas makes \$72,500, and Wyoming, with NAPRA, makes \$95,000-\$100,000.

Commissioner Stoltenow asked when the decision on Kelly's salary has to be made.

Executive Director Bowlinger stated he thought it had to be by the 1st of February, but in speaking to Kathy Roll this morning, it can be as late as February 19.

Commissioner Stoltenow stated the Commission should schedule a meeting before that date or bring up at least Kelly's salary at this meeting.

Chair Mahoney stated given the status of bills pending in the Legislature, the Commission should plan on having a meeting the first week in February so they can get an update on the bills that are pending.

Commissioner Arthaud stated he would be available and stated he had to leave the meeting for a prior meeting commitment.

Discussion held.

A live meeting was set for Wednesday, February 12, 2003, at 1:00 p.m.

AGENDA ITEM #3
Other Matters Which May Come Before the Commission

None.

Chair Mahoney adjourned the meeting at 11:35 a.m.